

Message Text

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43

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

USIA-15 ACDA-19 IO-13 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

AGR-20 IGA-02 DRC-01 SCI-06 HEW-08 /223 W

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 9598

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 5877

E. O. 11652: N/A

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SUBJECT: SUMMARY OF ECONOMIC ASPECTS OF PRESIDENT MEDICI'S

INDEPENDENCE DAY SPEECH

1. PRESIDENT MEDICI ANNOUNCED THE FOLLOWING MAJOR GOVERNMENT
PROGRAMS IN HIS INDEPENDENCE DAY SPEECH.

A. RAILROAD DEVELOPMENT - ADDITIONAL BUDGET ALLOCATIONS,
911 MILLION CRUZEIROS, WILL BE PROVIDED FOR RAILROAD CONSTRUCTION.
AS A RESULT, THE 1974 FEDERAL INVESTMENT BUDGET FOR THIS SECTOR
WILL AMOUNT TO MORE THAN 4.2 BILLION CRUZEIROS (ABOUT US\$700
MILLION) 6.09 CRUZEIROS EQUALS ON DOLLAR). THE PRESIDENT
EMPHASIZED THAT THE RAPID CHANGES TAKING PLACE IN THE BRAZILIAN
ECONOMY DEMAND GOVERNMENT PROJECTS THAT WILL ASSURE IMPROVED
TRANSPORT OF GOODS FOR BRAZIL'S INCREASED PRODUCTIVE
CAPACITY. HE ADDED THAT THE TRANSPORTATION BUDGET INCREASES
ARE NECESSARY TO PREVENT BOTTLENECKS ARISING FROM
THE GROWTH OF THE INDUSTRIAL
SECTOR, PARTICULARLY STEEL MILLS, AS WELL AS AGRICULTURE.

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EXPORTS PRESENT A SPECIAL TRANSPORTATION PROBLEM.

B. CHANGES IN THE SOCIAL ASSISTANCE LAW FOR RURAL WORKERS-
THE LAW FOR SOCIAL ASSISTANCE TO RURAL WORKERS WILL BE
CHANGED. PENSIONS PAID TO THE FAMILIES OF RURAL WORKERS WILL
BE INCREASED. WORKERS WILL ALSO BE ALLOWED TO CONTINUE TO WORK
AFTER THEY RECEIVE RETIREMENT BENEFITS. THE PURPOSE OF THE
PROPOSAL IS TO STEM THE MIGRATION OF RURAL WORKERS TO URBAN
AREAS.

C. HYDRO-ELECTRIC POWER PLANT IN THE AMAZON REGION - STUDIES
HAVE BEEN DEVELOPED BY THE BRAZILIAN COMPANY FOR THE RESEARCH
OF MINERAL RESOURCES AND BY THE AERIAL MAPPING RADAM PROJECT,
THAT INDICATE THE EXISTENCE OF ABOUT 40 MILLION KILOWATTS OF
POTENTIAL HYDRO-ELECTRIC POWER ON THE TOCANTINS, XINGU AND
TAPAJOS RIVERS. ON A PRELIMINARY BASIS, AN ENGINEERING PROJECT
WILL BE INITIATED TO CONSIDER THE FEASIBILITY OF DEVELOPING
THE 7 MILLION KW HYDRO-ELECTRIC POWER OF THE TOCANTINS RIVER.

C. CANCER - THE PRESIDENT ANNOUNCED A NATIONAL PROGRAM FOR
CANCER CONTROL WHICH WILL ATTEMPT TO MODERNIZE THE NATIONAL
DIVISION OF CANCER AND THE NATIONAL CANCER INSTITUTE.

ADDITIONALLY, A HOSPITAL INFRA-STRUCTURE SYSTEM WILL BE
ORGANIZED THROUGHOUT BRAZIL WHICH WILL INCLUDE EQUIPMENT
TO PERMIT THE DEVELOPMENT OF CANCER CONTROL ACTIVITIES
FOR THIS SPECIFIC PROGRAM, 220 MILLIONS CRUZEIROS (ABOUT
US\$36 MILLION) WILL BE ALLOCATED BETWEEN 1973 AND 1974.

COMMENT: THE RAPID GROWTH OF THE ECONOMY AND THE STRAINS
THAT ARE DEVELOPING IN THE TRANSPORT SECTOR HAVE BROUGHT
RENEWED PRESSURES TO IMPROVE MORE RAPIDLY AN ALREADY
AMBITIOUS RAILROAD PROGRAM. THE ADDITIONAL MEASURES IN
HEALTH AND RURAL SOCIAL ASSISTANCE ARE MODEST. HYDRO-
ELECTRIC DEVELOPMENT OF THE AMAZON IS A LONG-RANGE PROSPECT.
FURTHER STUDIES WILL BE NECESSARY TO DETERMINE THE
FEASIBILITY.

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